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C O N F I D E N T I A L ISTANBUL 000180

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E.O. 12958: DECL: 04/04/2023
TAGS: [ECON](#) [EIND](#) [EWWT](#) [PGOV](#) [TU](#)
SUBJECT: CONTINUING INDUSTRIAL ACCIDENTS AT ISTANBUL
SHIPYARDS

REF: 06 ANKARA 06513

Classified By: Classified By: Consul General Sharon Wiener; reason 1.5.
(d).

11. (SBU) SUMMARY: A series of deaths over the last few months at the Tuzla shipyards has raised questions regarding occupational safety in Turkey's rapidly growing shipbuilding industry. According to a Consulate contact, media coverage of these deaths prodded the government to take action, yet these steps were primarily for public consumption. Shipyard owners, academics, and union leaders cite the practice of using unskilled, often unregistered labor as a cause of these industrial accidents. One shipyard owner defended the process of using subcontracted labor but called for owners to be more diligent in selecting reputable subcontractors. In contrast, a union leader demanded a total ban on subcontracted labor. Reforming Turkey's rigid employment rules could encourage shipyard owners to directly employ workers, thus providing greater accountability and potentially improving worker safety.

12. (U) A series of industrial accidents at the shipyards in Tuzla, an industrial area on the Sea of Marmara in Istanbul province, claimed eight lives during the first three months of 2008. There have been a total of over 50 deaths due to work-related causes during the last seven years in this area. In addition to the deaths, other workers were also injured in this string of accidents, including a U.S. citizen who was hospitalized in March after a gas leak on a U.S. flagged vessel under repair in Tuzla.

13. (U) After significant recent Turkish media coverage of these accidental deaths, the Parliament agreed to established a commission to investigate the deaths in Tuzla. Labor and Social Security Minister Faruk Celik claimed in February that due to safety violations the ministry had temporarily closed three of the shipyards where deaths had taken place. In addition, the ministry levied fines on shipyards that failed to follow proper safety standards. In March the ministry brought together the Turkish Shipbuilders Association (GISBIR) and the Worker's Trade Union (ISCI) trade union to sign a protocol calling for greater oversight of and training for shipyard workers.

14. (C) However, according to Sadan Kaptanoglu (please protect)--owner of one of the few shipyards in Turkey with an ISO certification, Celik,s press statements were a "knee-jerk response" to the media attention. In March, Kaptanoglu told us ministry inspectors found only superficial infractions at the shipyards; however, she claimed the ministry attempted to inflate these infractions for public consumption. Because the cited infractions were insignificant

and thus did not give the ministry legal ground for closure, no shipyards were closed, according to Kaptanoglu. Lacking the legal power to close the shipyards, the ministry fined some of the shipyards for trivial offenses.

15. (C) Kaptanoglu attributed the increasing use of subcontracted workers at the shipyards for the spike in industrial accidents. Press reports corroborate this claim; deaths among this group are far more common according to media reports. Shipyards, hard pressed to fill a substantial number of orders, are increasingly looking to subcontractors for workers. According to press reports, Turkey's shipbuilding industry grew over 1,000 percent in seven years, placing Turkey among the top ten countries in total number of ships, as well as total gross tonnage constructed. According to Kaptanoglu, most shipyards have orders stretching out well into the next decade. To meet this growing demand for labor, Kaptanoglu said, some disreputable subcontractors hire unskilled workers who lack shipbuilding experience. These subcontractors also frequently fail to equip their workers appropriately, such as by providing rain gear and adequate safety gear. Kaptanoglu argued using subcontracted labor was unfortunate, but necessary due to the high cost of directly hiring workers. The GOT places a high tax on labor along with rigid rules on hiring and firing workers (reftel), which is a large burden for the shipbuilding industry, according to Kaptanoglu. Some subcontractors fail to list all of their employees on labor rolls, thus avoiding social security and other tax payments for these workers. When subject to official scrutiny these firms avoid being held accountable for their actions by closing shop and establishing a new company under a different name, according to Kaptanoglu. Comment: Kaptanoglu's complaints are not unique to the shipbuilding industry, but are common throughout Turkey's manufacturing/industrial sector. End Comment.

16. (C) Kaptanoglu defended the shipyard owners, response to the accidents, claiming the sensationalistic Turkish press misrepresented the owners. She conceded that Murat Bayrak, head of GISBIR, added to the hysteria when he stated to the media that the number of deaths was "within a normal range". Kaptanoglu explained that GISBIR had taken a number of positive steps including helping organize funding for the construction of hospitals specializing in work related injuries. It also offers training workshops for subcontractors and advocates all shipyard workers receive a valid health certificate. Despite these efforts, Kaptanoglu told us that many shipyard owners had devised worker safety/employment policies that went beyond GISBIR's guidelines. For example, some shipyard owners are considering paying social security contributions for subcontracted workers, thus insuring these workers will receive the government benefits to which they are entitled, according to Kaptanoglu.

17. (C) Critics of the shipyard owners also blame the spike in industrial accidents on the gray market subcontractor system. Asli Odman, an academic who is a member of the Tuzla Region Monitoring Committee, an independent group tasked to investigate the deaths at Tuzla, argued owners are failing to meet their responsibilities by relying on subcontracted workers for up to 90 percent of their workforce. According to Odman, shipyard owners only provide medical coverage for the small percentage of the workforce that are considered permanent staff, thus failing to provide adequate services to the remainder of their workforce. Dividing the 30 to 50 projects required to build a ship among various subcontractors hinders the collaboration needed to provide workplace safety, according to Odman. Another critic of the owners is the Ship Construction and Repair Workers, Trade Union (Limter-Is), which has repeatedly called for the end to the employment of subcontracted labor. In February Limter-Is staged a two-day strike blaming illegally hired workers for the deaths at the shipyards. Limter-Is has demanded Celik to resign and called for Bayrak to be put on trial in response to the deaths. Limter-Is is also trying to organize subcontracted workers, according to press reports; however,

General Secretary Cem Dinc complained shipyards are actively trying to stifle his union by blocking his members from entering the shipyards. Kaptanoglu accused Limter-Is of causing divisions on the docks by recruiting mostly from the Kurdish community rather than workers from the Black Sea region; the traditional recruiting ground for shipyard workers.

18. (C) COMMENT: The shortage of skilled shipyard workers and the government's rigid employment regulations provide incentives for shipyard owners to employ low-skilled subcontracted workers who are more at risk of industrial accidents. These low wage workers frequently fall into the large informal economy, and receive limited or no government benefits. Subcontractors who should be legally responsible for these workers can easily avoid accountability at relatively little cost. Banning the use of subcontracted labor without addressing the underlying regulatory hurdles would fail to address this problem since the demand for workers is great while the cost of legally employing workers is very high. The situation at the shipyards is a microcosm highlighting problems found throughout Turkey. Both Social Security and Labor Market reform is urgently needed in Turkey to address the 10 million workers, estimated by the Treasury Ministry, to be in the informal economy. Currently the GOT has a Social Security reform package in the Parliament waiting for approval and a Labor Market proposal being discussed privately with the unions. The GOT plans to submit the Labor bill to Parliament after the Social Security package is approved. These reform packages strive to reduce the number of informal workers by reducing the tax on labor and providing more relaxed work rules. These proposals include requiring all salaries to be paid into bank accounts and unifying Social Security and other tax payments into a single form paid to one office. Reducing by five percent Social Security premiums paid by employers for new hires and turning severance pay into a self-funded insurance system are two other changes intended to decrease the incentives for hiring informal workers.

19. (C) COMMENT CONTINUED: Kaptanoglu's suggestion that shipyard owners take more responsibility for subcontracted workers and the recent protocol to provide more oversight of and training to the shipyard workers are positive steps. Voluntary measures or protocols, however, would likely fail to change the behavior of those shipyards that currently choose the short-term low-cost option of using disreputable

subcontractors and gray market labor. The pressure for shipyard owners to fulfill commitments on time and within budget provides a strong incentive for owners to cut corners.

This is an example of an industry in which Turkey's rigid labor market regulations -- which were initially designed to protect workers -- have become so onerous that even legitimate businesses resort to extra-legal means of hiring staff, significantly reducing worker and industrial safety in the process.

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